

**SHREWSBURY ELECTRIC
&
CABLE OPERATIONS
COMMISSION MEETING**

**January 10, 2005
7:00 PM**

MINUTES

PRESENT: C. JEFFERSON, Jr., Chairman
S. DAVIS
A. TRIPPI
P. LYONS-GALLO

ABSENT: R. LUTZ

OTHERS

PRESENT: T. JOSIE
M. QUITADAMO
R. IACCARINO
B. NAY – SMC (Part-time)
L. HOGAN “ “
J. McDONALD “ “
N. WELLS “ “

1. 2005 SMC Budget

B. Nay presented SMC's 2005 Budget for the Light Commission's review and approval.

Highlights of the SMC budget review included:

- Programming has increased once again with the addition of both specials and regular programs.
- Equipment, previously scheduled for replacement in 2004, was not purchased – Control Room switcher and a new controller for playback on Channel 33. The decision to purchase has been delayed until May 2005 when new and improved products are expected to be available.

- Major Objectives for 2005 include - Upgrade playback, replacing controllers for all 3 channels; replace some of the older VCRs with DVD players and investigate using MPEG players. Painting, furniture purchases and other minor maintenance work is planned along with the continuation of replacing aging cameras and edit systems; updating the existing portable field production unit.

After further discussion, the Commission accepted the 2005 SMC Budget as presented.

2. Approve Bill Schedules

The bill schedules were reviewed and approved as presented.

3. Minutes – Light Commission Meeting – November 15, 2004

A motion:

To approve the minutes of the November 15, Light Commission meeting was made by S. Davis and seconded by A. Trippi.

After a brief discussion, the minutes were approved with a correction to Page 2, Item 4 – second paragraph, change to the month of “October.”

4. 2005 Annual CATV Budget

M. Quitadamo and T. Josie presented the 2005 Annual CATV Budget with corrected pages 3 and 11.

Total revenue is estimated at \$9,080,527, up approximately 7% from 2004 revenue.

Following a page by page review of the CATV Budget,

A motion:

To approve the 2005 Annual CATV Budget as presented was made by S. Davis and seconded by C. Jefferson, Jr.

Without further discussion, the motion was voted unanimously.

5. 2005 Annual Electric Budget

M. Quitadamo and T. Josie presented the 2005 Annual Electric Budget with corrected pages 2, 15, and 16.

T. Josie commented that proposed budget projects a negative cash flow of approximately \$600,000 for calendar year 2005 and added that three options are available to the Light Commission:

1. Increase electric rates
2. Take money out of Stranded Investment/Reserve Fund
3. Do nothing

SELCO has sufficient cash reserves. The projected reduction in cash position will not materially affect SELCO's financial position.

His recommendation is wait and see what the investor owned utilities, SELCO's competitors, are doing with their rates and meanwhile, monitor the situation.

After a brief discussion,

A motion:

To approve the 2005 Annual Electric Budget as presented was made by S. Davis and seconded by C. Jefferson, Jr.

Without further discussion, the motion was voted unanimously.

6. Strategic Planning Session - Scheduling

T. Josie presented logistics and possible dates of the next Strategic Planning Session for the Light Commission's review..

After further discussion, the date of either March 4 or March 11 for the next planning session was agreed upon. T. Josie will coordinate guest speakers who could include Ken Barna – Rubin & Rudman, a representative from MMWEC and possibly a representative from the Cable Coop.

C. Jefferson Jr. suggested a general discussion as to the direction of both industries.

7. Programming Request – Bridges TV

T. Josie commented that SELCO has received a few requests for a new programming service – *Bridges TV*. Bridges TV is available on satellite dish (\$14.95/month.) SELCO will have to install a new satellite dish at a cost of approximately \$8,000.

After further discussion, the Commission directed the General Manager to investigate adding or not adding the new programming.

8. Power Supply Contract – Wind Project

T. Josie reported that he recently signed a contract on behalf of SELCO, as a participant of MMWEC. SELCO/MMWEC has purchased a portion of the output from a wind project -Berkshire Wind Project located on Brodie Mountain in Ashford/Hancock, Massachusetts. The contract term is for 22 years at an energy price of \$0.0365/kWh.

The Commission concurred that the contract would be a benefit to SELCO's power supply.

The on-line date is scheduled for January 2006.

C. Jefferson, Jr. stated that power supply contracts should be presented to the Light Commission prior to signing.

9. Low Income – Electric Rates

T. Josie commented that recent press has indicated that Mass Electric and NSTAR offers lower rates for low income customers. As a result, he put together a rate comparison that shows SELCO's present rates are significantly lower than Mass Electric's.

At SELCO's Strategic Planning meeting in 2000, the Commission agreed that SELCO would not provide lower rates for low income customers beyond the current senior discount available for Basic and Expanded Basic CATV services.

10. Regulations – Cable Modem Service

T. Josie reported that a U.S. Circuit Court of Appeals recently ruled that Internet should be regulated as a telecommunication service. The implication is that cable companies would be required to open their system allowing third party Internet service providers.

11. Verizon's Fiber Plan

T. Josie commented that SELCO should watch Verizon and SBC's recently announced plan to install fiber to home systems in Massachusetts closely.

After a brief discussion, the Commission agreed that this subject should be discussed at length and therefore be placed on the agenda for this year's Strategy Meeting.

12. Premium Move From Analog – Financial Impact

T. Josie distributed a revised back-up sheet that includes actual numbers, customer counts ending in October and December, and the financial impact of changes in customer accounts.

The bottom line on an annualized basis, as a result of moving Premium channels from Analog to Digital, is a net positive \$60,000.

13. Energy Contract with Select Energy

T. Josie reported that a contract issue, with the possibility of litigation, is anticipated with MMWEC's Select Energy power contract because the price (\$.0365/kWh) is almost half the price of the market value. The low cost presents a potential risk of default by either the buyer or the seller.

MMWEC is closely following the developments.

14. SMC Changes to 2004 Budget

After a brief review, the Light Commission accepted SMC's request to transfer \$2,800.00 from the Capital Equipment Account to Outside Services Account to cover engineering and rewiring in the Studio Control Room.

15. Operating Brief

- The Light Commission reviewed the Operating Brief.

The next Light Commission meeting is scheduled for Monday, February 7, 2005 at 7:00pm.

A motion:

To adjourn the Light Commission meeting was made by C. Jefferson, Jr. and seconded by A. Trippi.

After no further discussion, the motion was voted unanimously.

Respectfully submitted,

Anthony M. Trippi, Clerk
Shrewsbury's Light Commission